

Message Text

UNCLASSIFIED

PAGE 01 HONG K 00829 221725Z

21

ACTION EB-07

INFO OCT-01 EA-09 ISO-00 STR-04 TRSE-00 L-03 COME-00

CIEP-02 OMB-01 TAR-01 /028 W

----- 102549

R 220911Z JAN 76

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 8835

UNCLAS HONG KONG 0829

E.O. 11652: NA

TAGS: ETRD, HK, MC

SUBJECT: PRACTICAL ASSISTANCE FOR GSP

REF: A) 75 STATE 289358 B) 75 STATE 302073

1. AS PER INSTRUCTIONS IN REF A, CONGENOFFS ARE PARTICIPATING IN GSP SEMINARS FOR GOVERNMENT OFFICIALS AND BUSINESSMEN IN HONG KONG AND MACAO. THESE ARE BEING ARRANGED BY LOCAL GOVERNMENTAL AND TRADE ORGANIZATIONS INCLUDING AMERICAN CHAMBER OF COMMERCE IN HONG KONG, HONG KONG DEPARTMENT OF COMMERCE AND INDUSTRY, HONG KONG GENERAL CHAMBER OF COMMERCE, FEDERATION OF HONG KONG INDUSTRIES, AND OTHERS.

2. IN THE COURSE OF OUR DISCUSSIONS SO FAR THE ISSUE OF THE 35 PERCENT DOMESTIC MATERIALS AND PROCESSING COSTS REQUIREMENT HAS ARISEN FREQUENTLY. IF POSSIBLE, WE WOULD APPRECIATE CLARIFICATION ON THE FOLLOWING POINTS. A) ARE SEPARATE TRANSACTIONS REQUIRED? FOR EXAMPLE, IF ONE COMPANY IMPORTS A PRECIOUS STONE IN RAW CONDITION AND CUTS AND POLISHES IT IN HONG KONG THEN SELLS IT TO A SECOND COMPANY WHICH SETS IT AND EXPORTS IT TO THE U.S. THE FULL COST OF THE CUT STONE IS APPLIED TO THE SECOND COMPANY'S 35 PERCENT AS IT WAS "SUBSTANTIALLY TRANSFORMED" IN HONG KONG (REF B). BUT WHAT IF THE SAME COMPANY IMPORTS THE STONE, CUTS, POLISHES, SETS AND EXPORTS IT? ARE THEY THEN ALLOWED TO APPLY ONLY THE DIRECT COSTS AND LABOR OF CUTTING, POLISHING, AND SETTING TOWARD THE 35 PERCENT? OR CAN THEY STILL INCLUDE THE FULL VALUE OF THE CUT BUT UNSET

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 HONG K 00829 221725Z

STONE?

B) IN THE CASE WHERE A MATERIAL USED IN PROCESSING IS IMPORTED FROM THE U.S., IS IT CONSIDERED FOREIGN MATERIAL, OR CAN IT BE APPLIED TOWARD THE 35 PERCENT?

3. THESE QUESTIONS ARE OF PARTICULAR INTEREST IN HONG KONG BECAUSE IT IMPORTS VIRTUALLY ALL OF ITS RAW MATERIALS. THESE ARE PROCESSED TO A GREATER OR LESSER DEGREE AND THEN EXPORTED. IN MANY CASES (TOYS, JEWELRY, ETC.) THE COST OF LABOR IS NOT GREAT. THEREFORE, THERE IS GREAT INTEREST HERE IN DISCOVERING HOW MUCH PROCESSING IS NECESSARY TO OBTAIN GSP BENEFITS AS WELL AS THE RELATED QUESTIONS RAISED ABOVE.
GETSINGER

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GENERALIZED PREFERENCES (TARIFFS), SEMINARS
Control Number: n/a
Copy: SINGLE
Draft Date: 22 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976HONGK00829
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760025-0915
From: HONG KONG
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760132/aaaabbzw.tel
Line Count: 73
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 STATE 289358, 75 STATE 302073
Review Action: RELEASED, APPROVED
Review Authority: ullricre
Review Comment: n/a
Review Content Flags:
Review Date: 23 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 JUN 2004 by schwenja>; APPROVED <21 SEP 2004 by ullricre>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRACTICAL ASSISTANCE FOR GSP
TAGS: ETRD, HK, MC, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006